
ENGROSSED SUBSTITUTE SENATE BILL 6355

State of Washington

62nd Legislature

2012 Regular Session

By Senate Economic Development, Trade & Innovation (originally sponsored by Senators Rolfes, Kastama, and Chase)

READ FIRST TIME 01/31/12.

1 AN ACT Relating to associate development organizations; and
2 amending RCW 43.330.080, 43.330.082, and 43.162.020.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 **Sec. 1.** RCW 43.330.080 and 2011 c 286 s 2 are each amended to read
5 as follows:

6 ~~((In carrying out its obligations under RCW 43.330.070,))~~ (1)(a)
7 The department must ((provide business services training to and))
8 contract with county-designated associate development organizations to
9 increase the support for and coordination of community and economic
10 development services in communities or regional areas. ((The business
11 services training provided to the organizations contracted with must
12 include, but need not be limited to, training in the fundamentals of
13 export assistance and the services available from private and public
14 export assistance providers in the state. The organizations contracted
15 within each community or regional area must work closely with the
16 department to carry out state identified economic development
17 priorities and must be broadly representative of community and economic
18 interests. The organization must)) The contracting organizations in
19 each community or regional area must:

1 (i) Be broadly representative of community and economic interests;
2 (ii) Be capable of identifying key economic and community
3 development problems, developing appropriate solutions, and mobilizing
4 broad support for recommended initiatives~~((The — contracting~~
5 ~~organization must))~~);

6 (iii) Work closely with the department to carry out state-
7 identified economic development priorities;

8 (iv) Work with and include local governments, local chambers of
9 commerce, workforce development councils, port districts, labor groups,
10 institutions of higher education, community action programs, and other
11 appropriate private, public, or nonprofit community and economic
12 development groups; and

13 (v) Meet and share best practices with other associate development
14 organizations at least two times each year.

15 (b) The scope of services delivered under ((these)) the contracts
16 required in (a) of this subsection must include two broad areas of
17 work:

18 ~~((1))~~ (i) Direct assistance, including business planning, to
19 companies throughout the county who need support to stay in business,
20 expand, or relocate to Washington from out of state or other countries.
21 Assistance must comply with business recruitment and retention
22 protocols established in RCW 43.330.062, and includes:

23 ~~((a))~~ (A) Working with the appropriate partners throughout the
24 county~~((7))~~ including, but not limited to, local governments, workforce
25 development councils, port districts, community and technical colleges
26 and higher education institutions, export assistance providers, the
27 Washington manufacturing services, the Washington state quality award
28 council, small business assistance programs, innovation partnership
29 zones, and other federal, state, and local programs to facilitate the
30 alignment of planning efforts and the seamless delivery of business
31 support services within the entire county;

32 ~~((b))~~ (B) Providing information on state and local permitting
33 processes, tax issues, export assistance, and other essential
34 information for operating, expanding, or locating a business in
35 Washington;

36 ~~((c))~~ (C) Marketing Washington and local areas as excellent
37 locations to expand or relocate a business and positioning Washington

1 as a globally competitive place to grow business, which may include
2 developing and executing regional plans to attract companies from out
3 of state;

4 ~~((d))~~ (D) Working with businesses on site location and selection
5 assistance;

6 ~~((e))~~ (E) Providing business retention and expansion services
7 throughout the county(~~(, including)~~). Such services must include, but
8 are not limited to, business outreach and monitoring efforts to
9 identify and address challenges and opportunities faced by businesses,
10 assistance to trade impacted businesses in applying for grants from the
11 federal trade adjustment assistance for firms program, and the
12 provision of information to businesses on:

13 (I) Resources available for microenterprise development;

14 (II) Resources available on the revitalization of commercial
15 districts; and

16 (III) The opportunity to maintain jobs through shared work programs
17 authorized under chapter 50.60 RCW;

18 ~~((f))~~ (F) Participating in economic development system-wide
19 discussions regarding gaps in business start-up assistance in
20 Washington; ~~(and~~

21 ~~(g))~~ (G) Providing or facilitating the provision of export
22 assistance through workshops or one-on-one assistance; and

23 (H) Using a web-based information system to track data on business
24 recruitment, retention, expansion, and trade; and

25 ~~((2))~~ (ii) Support for regional economic research and regional
26 planning efforts to implement target industry sector strategies and
27 other economic development strategies, including cluster-based
28 strategies(~~(, that support increased living standards and increase~~
29 ~~foreign direct investment throughout Washington)~~. Research and
30 planning efforts should support increased living standards and
31 increased foreign direct investment, and be aligned with the statewide
32 economic development strategy. Regional associate development
33 organizations retain their independence to address local concerns and
34 goals. Activities include:

35 ~~((a) - Participation))~~ (A) Participating in regional planning
36 efforts with workforce development councils involving coordinated
37 strategies around workforce development and economic development

1 policies and programs. Coordinated planning efforts must include, but
2 not be limited to, assistance to industry clusters in the region;

3 ~~((b) Participation between the contracting organization and))~~ (B)
4 Participating with the state board for community and technical colleges
5 as created in RCW 28B.50.050, and any community and technical colleges
6 in ~~((providing for))~~ the coordination of the job skills training
7 program and the customized training program within its region;

8 ~~((c))~~ (C) Collecting and reporting data as specified by the
9 contract with the department for statewide systemic analysis. The
10 department must consult with the Washington state economic development
11 commission in the establishment of such uniform data as is needed to
12 conduct a statewide systemic analysis of the state's economic
13 development programs and expenditures. In cooperation with other
14 local, regional, and state planning efforts, contracting organizations
15 may provide insight into the needs of target industry clusters,
16 business expansion plans, early detection of potential relocations or
17 layoffs, training needs, and other appropriate economic information;

18 ~~((d))~~ (D) In conjunction with other governmental jurisdictions
19 and institutions, participate in the development of a countywide
20 economic development plan, consistent with the state comprehensive plan
21 for economic development developed by the Washington state economic
22 development commission.

23 (2) The department must provide business services training to the
24 contracting organizations, including but not limited to:

25 (a) Training in the fundamentals of export assistance and the
26 services available from private and public export assistance providers
27 in the state; and

28 (b) Training in the provision of business retention and expansion
29 services as required by subsection (1)(b)(i)(E) of this section.

30 **Sec. 2.** RCW 43.330.082 and 2011 c 286 s 3 are each amended to read
31 as follows:

32 (1)(a) Contracting associate development organizations must provide
33 the department with measures of their performance and a summary of best
34 practices shared and implemented by the contracting organizations.
35 Annual reports must include information on ~~((the impact of the~~
36 ~~contracting organization on employment, wages, tax revenue, and capital~~
37 ~~investment. Specific measures must be developed in the contracting~~

1 ~~process between the department))~~ the community or regional area served
2 by the contracting organization. Annual reports may include the impact
3 of the contracting organization on employment, wages, exports, tax
4 revenue, small business creation, foreign direct investment, business
5 relocations, expansions, terminations, and capital investment. Data
6 must be input into a common web-based business information system
7 managed by the department. Specific measures, data standards, and data
8 definitions must be developed in the contracting process between the
9 department, the economic development commission, and the contracting
10 organization every two years. Except as provided in (b) of this
11 subsection, performance measures should be consistent across regions to
12 allow for statewide evaluation.

13 (b) In addition to the measures required in (a) of this subsection,
14 contracting associate development organizations in counties with a
15 population greater than one million five hundred thousand persons must
16 include the following measures in reports to the department:

17 (i) The number of small businesses that received retention and
18 expansion services, and the outcome of those services;

19 (ii) The number of businesses located outside of the boundaries of
20 the largest city within the contracting associate development
21 organization's region that received recruitment, retention, and
22 expansion services, and the outcome of those services.

23 (2)(a) The department and contracting associate development
24 organizations must agree upon specific target levels for the
25 performance measures in subsection (1) of this section. Comparison of
26 agreed thresholds and actual performance must occur annually.

27 (b) Contracting organizations that fail to achieve the agreed
28 performance targets in more than one-half of the agreed measures must
29 develop remediation plans to address performance gaps. The remediation
30 plans must include revised performance thresholds specifically chosen
31 to provide evidence of progress in making the identified service
32 changes.

33 (c) Contracts and state funding must be terminated for one year for
34 organizations that fail to achieve the agreed upon progress toward
35 improved performance defined under (b) of this subsection. During the
36 year in which termination for nonperformance is in effect,
37 organizations must review alternative delivery strategies to include
38 reorganization of the contracting organization, merging of previous

1 efforts with existing regional partners, and other specific steps
2 toward improved performance. At the end of the period of termination,
3 the department may contract with the associate development organization
4 or its successor as it deems appropriate.

5 (3) The department must submit a preliminary report to the
6 Washington economic development commission by September 1st of each
7 even-numbered year, and a final report to the legislature and the
8 Washington economic development commission by December 31st of each
9 even-numbered year on the performance results of the contracts with
10 associate development organizations.

11 (4) Contracting associate development organizations must provide
12 the Washington state economic development commission with information
13 to be used in the comprehensive statewide economic development strategy
14 and progress report due under RCW 43.162.020, by the date determined by
15 the commission.

16 **Sec. 3.** RCW 43.162.020 and 2011 c 311 s 5 are each amended to read
17 as follows:

18 (1) The commission must concentrate its major efforts on strategic
19 planning, policy research and analysis, advocacy, evaluation, and
20 promoting coordination and collaboration.

21 (2) During each regular legislative session, the commission must
22 consult with appropriate legislative committees about the state's
23 economic development needs and opportunities.

24 (3)(a) By October 1st of each even-numbered year, the commission
25 must submit to the governor and legislature a biennial comprehensive
26 statewide economic development strategy with a report on progress from
27 the previous comprehensive strategy.

28 (b) The comprehensive statewide economic development strategy must
29 include the industry clusters in the state and the strategic clusters
30 targeted by the commission for economic development efforts. The
31 commission must consult with the workforce training and education
32 coordinating board and include labor market and economic information by
33 the employment security department in developing the list of clusters
34 and strategic clusters that meet the criteria identified by the working
35 group convened by the economic development commission and the workforce
36 training and education coordinating board under chapter 43.330 RCW.

1 (4)(a) In developing the comprehensive statewide economic
2 development strategy, the commission must use, but may not be limited
3 to: Economic, labor market, and populations trend reports in office of
4 financial management forecasts; the annual state economic climate
5 report prepared by the economic climate council; joint office of
6 financial management and employment security department labor force,
7 industry employment, and occupational forecasts; the results of
8 scientifically based outcome evaluations; the needs of industry
9 associations, industry clusters, businesses, and employees as evidenced
10 in formal surveys and other input.

11 (b) The comprehensive statewide economic development strategy may
12 include:

13 (i) An assessment of the state's economic vitality;

14 (ii) Recommended goals, objectives, and priorities for the next
15 biennium, and the future;

16 (iii) A common set of outcomes and benchmarks for the economic
17 development system as a whole;

18 (iv) Recommendations for removing barriers and promoting
19 collaboration among participants in the innovation ecosystem;

20 (v) An inventory of existing relevant programs compiled by the
21 commission from materials submitted by agencies;

22 (vi) Recommendations for expanding, discontinuing, or redirecting
23 existing programs, or adding new programs; and

24 (vii) Recommendations of best practices and public and private
25 sector roles in implementing the comprehensive statewide economic
26 development strategy.

27 (c) The report on progress from the previous comprehensive strategy
28 must include information provided by associate development
29 organizations as requested by the commission. The commission may
30 include recommendations for associate development organizations in the
31 report on progress or in the comprehensive statewide economic
32 development strategy.

33 (5) In developing the biennial statewide economic development
34 strategy, plans, inventories, assessments, and policy research, the
35 commission must consult, collaborate, and coordinate with relevant
36 state agencies, private sector businesses, nonprofit organizations
37 involved in economic development, trade associations, associate

1 development organizations, and relevant local organizations in order to
2 avoid duplication of effort.

3 (6) State agencies and associate development organizations must
4 cooperate with the commission and provide information as the commission
5 may reasonably request.

6 (7) The commission must develop a biennial budget request for
7 approval by the office of financial management. The commission must
8 adopt an annual budget and work plan in accordance with the omnibus
9 appropriations bill approved by the legislature.

10 (8)(a) The commission and its fiscal agent must jointly develop and
11 adopt a memorandum of understanding to outline and establish clear
12 lines of authority and responsibility between them related to budget
13 and administrative services.

14 (b) The memorandum of understanding may not provide any additional
15 grant of authorities to the commission or the fiscal agent that is not
16 already provided for by statute, nor diminish any authorities or powers
17 granted to either party by statute.

18 (c) Periodically, but not less often than biannually, the
19 commission and fiscal agent must review the memorandum of understanding
20 and, if necessary, recommend changes to the other party.

21 (d) As provided generally under RCW 43.162.015, the executive
22 director of the commission must report solely to the governor and the
23 commissioners on matters pertaining to commission operations.

24 (9) To maintain its objectivity and concentration on strategic
25 planning, policy research and analysis, and evaluation, the commission
26 may not take an administrative role in the delivery of services.
27 However, subject to available resources and consistent with its work
28 plan, the commission or the executive director may conduct outreach
29 activities such as regional forums and best practices seminars.

30 (10) The commission must evaluate its own performance on a regular
31 basis.

32 (11) The commission may accept gifts, grants, donations,
33 sponsorships, or contributions from any federal, state, or local
34 governmental agency or program, or any private source, and expend the
35 same for any purpose consistent with this chapter.

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